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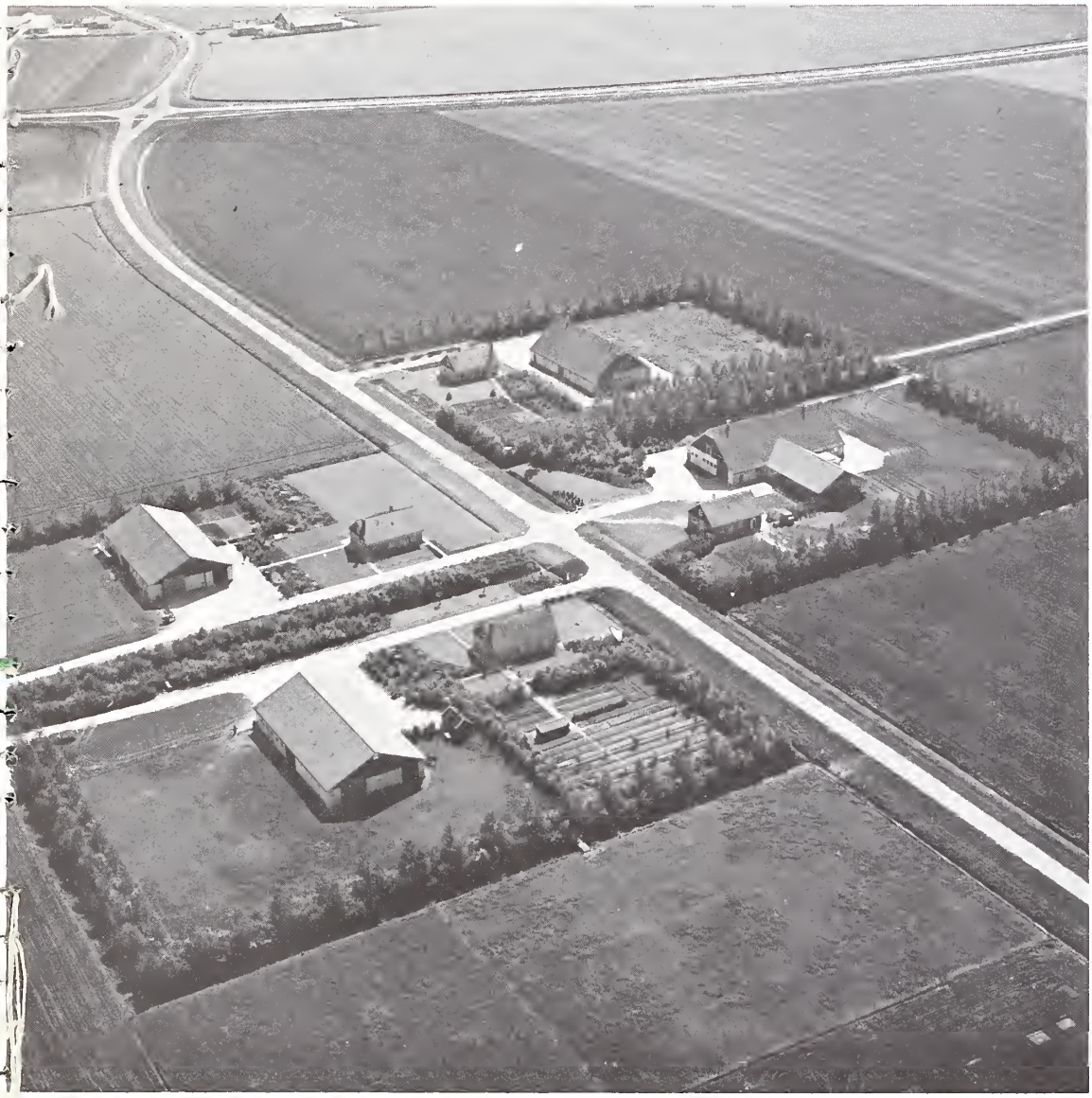

JULY 17, 1972

Canada Overhauls Grain Handling

Structural Reforms in European Agriculture

FOREIGN AGRICULTURAL SERVICE
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In this issue:

This week's cover:

Dutch farms on land reclaimed from the Ijsselmeer. Although the Netherlands has had a structural reform program in operation since 1959, only a third of its farms are expected to be viable by 1980. The Dutch estimate it will take an additional 20 to 25 years to complete their reforms. See story on page 8.

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UNITED STATES SIGNS "MUTUALLY BENEFICIAL" 3-YEAR, $750 MILLION GRAIN AGREEMENT WITH SOVIET UNION

The signing of a 3-year agreement betwen the United States and the Soviet Union for the sale of $750 million of U.S. grains, announced by the President on July 8, was hailed by Secretary of Agriculture Earl L. Butz as a major achievement in international relations and agricultural trade. Said the Secretary, "This large purchase will make the Soviet Union the second largest buyer of U.S. grain, and can open the way for even more meaningful trade between the two countries in the years ahead."

The purchase is the largest Soviet-U.S. grain deal in history. Previous Soviet purchases of U.S. grain included $140 milion of wheat in October 1963 and $150 million of feedgrains (mainly corn) in November 1971.

The Soviet Union's average annual purchase rate of $250 million under the new agreement will make it a grain customer second only to Japan (with an average of $437 million for the six grains over the past 3 years) and well ahead of other large purchasers such as the Netherlands ($135 million), and the United Kingdom ($102 million).

This same $250 million is expected to boost U.S. exports of the six grains by almost 17 percent annually over the average of the 3 previous years. Secretary Butz, in his comments on the agreement, said, "Increased exports of this magnitude move us toward our national goal of expanding agriculture and of bringing farmers more income from the market place."

The effect will be felt beyond agriculture. Agricultural experts have estimated that since about 3,000 to 5,000

The grain sale is mutually beneficial to both sides. The Soviet citizens will be able to eat better. U.S. farmers will be able to sell more grain, plant more acreage, and get more income from the market. It will aid our U.S. balance of payments. And this will lay the groundwork for enlarging our overall trade with the Soviet Union in peaceful commercial cooperation.—Secretary Butz

jobs are created for each $100 million of grain exports, the $750 million of the agreement would involve a range of 22,500 to 37,500 man years of work for U.S. workers.

Details of the agreement. The Soviet Union will make its grain purchases through private U.S. commercial exporters and will have the option of meeting its purchase commitment with wheat, corn, barley, grain sorghum, rye, or oats. It has agreed to purchase at least $200 million of these grains for delivery during the first year (Aug. 1, 1972-July 31, 1973) and to take delivery on the remainder by July 31, 1975.

The United States, on its side, has agreed to make credit available through the Commodity Credit Corporation (CCC) at going interest rates—6⅛ percent per annum on letters of credit issued by U.S. banks and 7⅛ percent on those issued by foreign banks. Under the CCC program, principal is to be repaid in three equal installments after delivery, and accrued interest is to be paid with each installment. The total amount of credit (principal only) outstanding at any time is not to exceed $500 million.

A discussion of credit terms was central to the grain negotiations headed by Secretary Butz during a trip to Moscow in early April. At that time, the Secretary frankly explained to Soviet Minister of Agriculture V. V. Matskevich and General Secretary Leonid I. Brezhnev that the Commodity Corporation does not have legal authority to grant concessional rates and terms to the Soviet Union; maximum terms and allowable interest rates are set by Congress. As a further problem, U.S. foreign trade in grain is carried on by commercial trading firms—not by the Government, as it is in the Soviet Union. The Soviets had made their feedgrain purchases of last November on a cash basis, and their wheat purchases of October 1963 had been for cash plus normal commercial credit. This year, however, they were asking for longer term credit and lower interest rates.

President Nixon continued the grain discussions with Brezhnev at the summit meeting in May, and the series of negotiations was brought to a successful conclusion in Washington with the agreement just signed.

Reasons for Soviet purchase. Commenting on the agreement, Secretary Butz mentioned that severe winterkill damage to the Russian wheat crop this year had no doubt contributed to the Soviet purchase. (Considerable quantities of wheat have recently been fed to Russian livestock.) But, he added, the USSR has a longer term need. "The Russian people want more animal protein in their diets. To get it, they must increase their livestock production beyond the capacity of their farms and climate to provide feedgrains." He went on to say, "We have an unequaled ability to raise generous quantities of feedgrains in this Nation, and we can assure the Soviet Union of a steady export supply of feedstuffs in the years to come."

The decision to import feedgrains, which led to the purchases of last fall and this summer, is only one of several steps that underscore the Soviet determination to expand the supply of livestock products. Over the past 2 years, large imports have been made—of beef and mutton from Australia and New Zealand and of poultry, pork, and eggs from other Socialist countries and from Western Europe.

The intent of the Soviet Union to satisfy more of the consumer desires for more protein was made plain in targets set for the current 5-year plan (1971-75). For meat (plus fat), the output goal is 16 million metric tons, 30 percent above output in the last year of the previous plan; for milk, 100 million tons, up 21 percent; for eggs, 52 billion units, up 29 percent.

Goals for feed production are substantially smaller—70 million tons for feedgrains, up 13 percent; 7.4 million tons for sunflowerseed, up 21 percent. But the mixed-feed target of 34.9 million tons represents an increase of 45 percent. It seems apparent that if livestock goals are to be met, the Soviets will need substantial imports of feedstuffs, including grains.

Observers have noted several steps already taken to help Soviet agriculture meet the goals set for livestock production. An impressive incentive and bonus program is in effect to make livestock raising profitable to the farm and attractive to the worker. Average Government procurement prices paid to farmers for livestock products appear to be two to three times comparable prices in the United States and well above prices in Western Europe.

In addition to incentive pricing, the Soviet Government has—

- Arranged for setting up specialized livestock and poultry farms by making long-term, low-interest loans to

existing collective and State farms for converting from diversified operations. Collective and State farms remaining diversified are being encouraged to emphasize livestock products.

- Set up intercollective feeding centers for cattle, swine, and sheep, where member farms send their livestock for fattening, receiving the same State-established price as if they finished the animals themselves, and later receiving proportionate shares of the profits made by the center from marketing the animals.
- Set up intercollective feed-mixing plants to prepare complete rations and special premixed feed concentrates; these rations can be either sold to the member farms or exchanged for feeding ingredients produced on the farms.
- Begun buying high-quality breeding stock, including more than 300 U.S. bulls and heifers, nearly 1,000 head of Canadian cattle, and more than 100 bulls from Britain.

The United States as supplier. The competition faced by the United States as a grain supplier to the USSR varies greatly by type of grain. For wheat, Canada is uppermost; it has supplied almost two-thirds of total Soviet purchases between 1961 and 1970. Other competitors have been Australia, France, and Argentina, with the United States entering this market only in 1963. Competition for wheat will remain stiff.

For feedgrains, the United States has now become the major supplier, since the first large Soviet purchase last fall from two U.S. companies. Most of the 1.6 million tons of corn imported by the USSR during the 10 years 1961-70 came from Mexico, Argentina, and Romania; no oats or barley were bought. The United States should be able to maintain and probably expand its position as a major supplier.

It could do this because it can supply the quantity and quality of grain required and because it has the port facilities needed to handle substantially more grain than is now being exported. Further, year-to-year variations in U.S. feedgrain production due to weather are generally smaller than in other grain-exporting countries, because the four major U.S. feedgrains are distributed over a relatively wide area. Also, carryover stocks are maintained at a high enough level to minimize the effect on grain exports of any except abnormal decreases.

CANADA MOVES TO OVERHAUL ITS GRAIN HANDLING SYSTEM

Canada's grain handling and transportation situation this last winter faced serious problems. Snow slides, train derailments, shortages of rail cars, and lack of storage facilities in the right places at the right time plagued the industry, causing shipping delays and traffic jams in harbors.

Port officials blamed the railroads, claiming they were not meeting their commitments. The railroads, on the other hand, claimed that storage facilities at ports were inadequate. Shippers blamed the tieups on poor loading and unloading practices.

At one point, grain deliveries to ports were running 30 million bushels behind schedule. The Canadian Wheat Board leased 1,300 rail hopper cars from the United States to speed up movements. In addition, the Board temporarily had to withdraw offers to deliver grain during specific periods to particular countries.

Although Canada has long been outgrowing its grain handling system, the situation was brought to a head last winter when severe weather caused snow slides to block train tracks, bringing deliveries of grain to ports to a virtual standstill.

The port of Vancouver was particularly hard hit, with ships clogging its harbor waiting to be loaded, while elevators were operated at only 50 to 60 percent of capacity.

As worsening winter conditions in British Columbia cut rail shipments to the West Coast, substantial quantities of grain were railed in special grain trains to St. Lawrence ports to meet export contracts diverted from Vancouver.

The first of 62 all-grain trains left Thunder Bay for Montreal January 18, 1972. It carried 130,000 bushels of wheat. In all, 10.7 million bushels of wheat and barley were railed to St. Lawrence ports during an 11-week program. It was the largest program of its kind ever undertaken and was origi-

Recently Canada bought 2,000 new hopper cars to carry wheat from the prairies to the ports.

nally planned to enable the Wheat Board to make additional export sales in March and April, but it had to be utilized instead to make up behind-schedule shipments contracted for.

The program was undertaken at no additional cost to the prairie grain producers. The difference in costs between the conventional all-water movement and the all-rail movement from Thunder Bay was paid by the Canadian Government. The total tab was just under $1.3 million.

Since the terminals at Thunder Bay and the St. Lawrence ports are largely geared for shipments by water, a large-scale rail movement of this kind was bound to result in some problems.

And it did.

Trains had to be split among three or four terminals at Thunder Bay to speed loading. Loading spouts at some of the terminals had to be modified to load the type of hopper cars being used by the Canadian Pacific railroad. Since CP rail was using three types of hoppers, the cars had to be sorted according to type and spotted in those terminals that could handle them. Administrative procedures had to be changed to permit shipping orders and bills of lading to be issued for entire trainloads of grain rather than individual cars.

Yet, despite these problems, plus the severe weather conditions and the lack of time for adequate advance planning, the program went very well.

Additional stress has been placed on transportation and handling facilities by major changes in the makeup of Canadian grain exports in the last 2 years. Barley shipments have accounted for 24 percent of total grain clearances in the last 20 months, compared with an average of only 9.8 percent in the previous 5 years. Rapeseed exports too have risen—from 4.6 percent of total grain clearances in 1969-70 to 6.6 percent in 1970-71.

Total 1971-72 grain exports are expected to reach 800 million bushels by the end of the present crop year in July, breaking the 1970-71 record of 706 million. Exports of this magnitude will tax transportation and handling facilities to capacity. Thus, with shipments expected to reach 1 billion bushels in the near future, it is clear that some upgrading of the system must be done quickly.

Some initial steps have been taken.

Trucking test. To determine the feasibility of commercial truck hauls from country elevators to interior terminals, the Canadian Wheat Board and the Canadian Grain Commission are conducting a 2-month test using commercial trucks to haul barley to the terminals at Moose Jaw and Saskatoon, Saskatchewan. The Country Elevators Association, Canada's two major railways, and the Saskatchewan Truckers Association are cooperating.

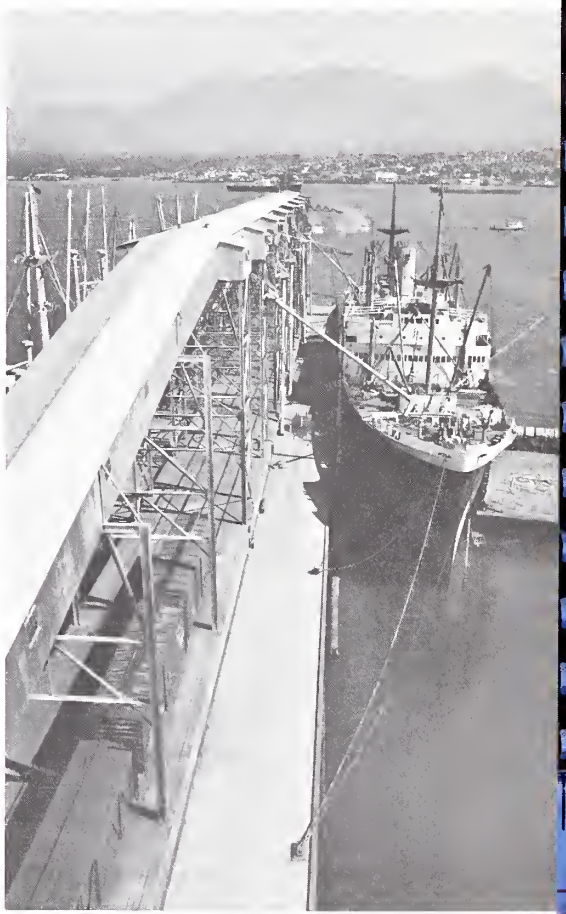
The first week's program called for total shipments of 275,000 bushels of barley to be picked up from 11 country elevator points and delivered to the two terminals. During the first week, shipments were confined to a radius of 40 miles, but were extended to a maximum distance of 70 miles later on in the program. Each truck is capable of carrying 800 to 1,000 bushels of barley.

The objectives of the test are:

- To determine the feasibility of commercial truck hauling including scheduling, loading and unloading rates, quantities of grain that can be moved in specified periods, and the overall reliability of truck shipments;
- To determine cost differences between trucking and hauling by rail;
- To determine the additional quantities of grain that can be moved through a rail-truck system;
- To determine how present terminals can be used in overall shipping;
- And to determine if the use of railway equipment would increase as a result of increased terminal use.

New rail cars. The Canadian Wheat Board has purchased 2,000 hopper cars valued at $42 million. This will enable

Some 800 million bushels of wheat will pass through Canada's ports this year. Photo, courtesy Canadian National.



the Wheat Board to aim at export grain sales of 900 million bushels in 1973. Present terminal facilities at ports are said to be sufficient to handle exports at this level. The new cars, to be built in Canada, will have a capacity of 3,300 bushels, compared with 2,000 in a standard railway boxcar. They also will have the advantage of being easier to load and unload.

New storage facilities. The Canadian Government plans to build a $3.5-million grain elevator with an initial storage capacity of 1.6 million bushels of corn at Port Stanley. It is expected to be in operation by the fall of 1973.

The Government also will spend $5 million this year to help build bulk handling and general cargo shipping facilities at Prince Rupert, British Columbia. A large share of wheat en route to Russia, China, and the Pacific countries could begin moving through this port by late 1973.

The Canadian Wheat Board's transportation coordinator has requested new storage facilities to be built at Vancouver to hold 10 million to 30 million additional bushels of grain.

Recently, the Grain Transportation Committee and the Advisory Committee of the Canadian Wheat Board met in joint session. In addition to the regular Committee members, the session was attended by senior representatives from the Canadian Transport Commission, the two major railway companies, labor organizations, lake vessel operators, and the Federal Department of Labor.

They reviewed events during the first 8 months of the 1971-72 crop year and agreed on measures to move the record quantities of grain needed to meet Canada's sales commitments in the months ahead.

Among proposals which will be implemented this year were:

- The loading of railway cars by country elevator companies 6 days a week on a planned basis. A detailed Saturday loading schedule is now being worked out.
- The establishment of two special operating committees (one for the West Coast and one for Thunder Bay and St. Lawrence) to ensure closer coordination and cooperation in operations.

The Group also reviewed the situation at the West Coast ports and agreed that every effort must be made to step up grain movements through these ports as soon as possible.

U.S. TOBACCO EXPORTS SHIFT FROM UNMANUFACTURED LEA TO MORE PROCESSED ITEMS

By ROBERT W. JOHNSON
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Exports of U.S. tobacco have followed a significant trend during the past 15 years. While the quantity of unmanufactured tobacco shipments has been relatively stable, the value of tobacco exports has risen sharply. Part of this upward trend is, of course, a result of generally rising prices; a large part, however, results from larger shipments of tobacco products and of more highly processed raw tobacco leaf.

The increase in shipments of **processed raw leaf** reflects the trend of foreign buyers to purchase leaf tobacco

U.S. EXPORTS OF TOBACCO AND TOBACCO PRODUCTS, 1955-71

Year	Smoking in bulk		Unmanufactured	
	Quantity	Value	Quantity	Value
	Mil. lb.	*Mil. dol.*	*Mil. lb.*	*Mil. dol.*
1955	6.3	4.9	540.3	356.4
1956	5.6	4.4	510.4	333.5
1957	4.4	3.6	501.0	359.1
1958	7.5	6.5	481.8	354.5
1959	8.5	7.5	465.6	346.2
1960	7.7	7.4	496.1	379.3
1961	9.0	8.4	501.0	390.9
1962	8.6	9.0	468.9	373.4
1963	9.8	10.0	505.5	403.1
1964	12.3	12.7	514.5	412.9
1965	13.6	14.0	468.1	382.7
1966	14.9	15.1	551.2	481.5
1967	15.9	16.2	571.6	498.3
1968	21.6	22.5	598.8	524.4
1969	20.2	22.3	577.5	539.7
1970	24.1	28.1	510.4	488.5
1971	30.9	34.5	473.3	462.3

with the stem removed, or "stemmed leaf." Tobacco was originally stemmed to save shipping and handling costs for stems, which were once considered a waste product. Later, when stems were specially treated and added to cigarettes, foreign demand for both stems and stemmed leaf increased. The stemming operation continued to be done in the United States, where more efficient facilities were available for handling loose leaf tobacco.

More and more unmanufactured leaf —especially flue-cured leaf, which accounts for over 80 percent of total unmanufactured leaf exports—is stemmed before shipment overseas. Only 8 percent of flue-cured leaf exports were stemmed in 1961; by 1971, 49 percent were stemmed. Even so, there is considerable variation in overseas destinations. Nearly all exports of flue-cured leaf to the United Kingdom were stemmed, compared to only 13 percent of those shipped to the European Community.

Since stemmed leaf is processed, it brings a better price than raw, unstemmed leaf. In 1971, the average price of stemmed, flue-cured leaf exports was $1.26 per pound—compared with $0.95 for unstemmed leaf. Larger shipments of stemmed leaf have thus made an important contribution to the upward trend in prices of U.S. exports of unmanufactured tobacco.

Larger shipments of **tobacco products** have also helped to increase the value of U.S. tobacco exports. Indeed, the upward trend in shipments of tobacco products is the brightest spot in the U.S. tobacco export picture. Exports reached a record value of $221 million in 1971—a 16-percent increase over 1970, and double the level of a decade ago.

Cigarette shipments, which account for most tobacco product exports, reached record levels in 1971—32 billon pieces worth $183 million—which was almost 50 percent higher in quantity and nearly double the value of shipments 10 years earlier.

The second largest tobacco product export, smoking tobacco in bulk, has increased even more rapidly. Since 1961, exports have tripled in quantity and quadrupled in value. Smoking tobacco in bulk includes processed tobacco (such as blended, cut, and flavored tobacco) which is fully prepared for processing into cigarettes and other products. This classification also includes blended stemmed tobacco, called "blended strips," which can be further processed and blended before processing into cigarettes. (Foreign processors often blend them with their own domestic tobaccos.)

The threefold expansion of shipments of smoking tobacco in bulk is mostly a result of the worldwide popularity of American cigarette brands and blends. U.S. producers have licensing arrangements to produce their brands in over 35 countries. To assure consistent quality, U.S. manufacturers frequently blend their tobacco in the United States and ship it overseas, where it is processed into cigarettes. Such shipments have accounted for much of the increase in exports of smoking tobacco in bulk.

Another important trend has also helped to increase the value of U.S. tobacco exports. Some foreign buyers have shifted their purchases from stemmed tobacco (classified as unmanufactured tobacco) to blended strips (a semiprocessed tobacco product). This shift accounts for a small part of the recent decline in the quantity of exports of unmanufactured leaf and for some of the increase in exports of smoking tobacco in bulk.

While total U.S. exports of tobacco have increased dramatically, imports have also risen rapidly. Average **imports of unmanufactured leaf** were 219 million pounds in 1967-71, 70 percent above the 1955-59 average of 129 million pounds. The value of imported leaf, however, has risen less sharply. The average annual value of imports was $133 million during 1967-71, up only 37 percent from the $97 million average annual value for 1955-59.

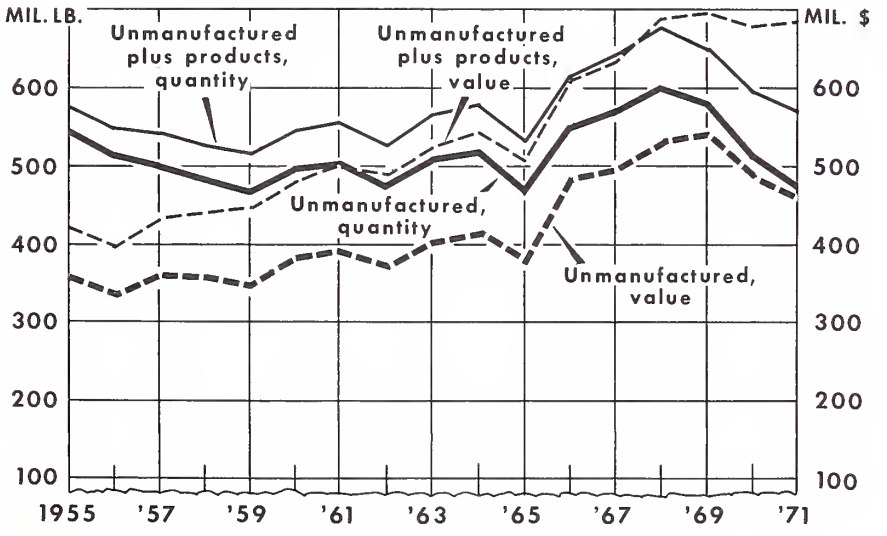
Imports of tobacco products have increased even more rapidly from an annual average of about a half million pounds during 1955-57 to nearly 10 million pounds in 1971—a twentyfold increase. The value of tobacco product imports has risen less rapidly, from $3.7 million in 1955-57 to $17.9 million in 1971—nearly a fivefold gain.

The types of tobacco products imported have also changed considerably. Fifteen years ago, cigars made up the bulk of tobacco product imports. In 1971, cigars totaled about a third of the value of U.S. imports ($6.1 million), while smoking tobacco (including snuff and other miscellaneous products) accounted for most of the rest ($11.1 million). Pipe tobacco was the fastest growing tobacco product import.

The rapidly increasing value of U.S. exports of tobacco products and the more modest increase in the value of imports has an important influence on **the U.S. balance of trade:** *the United States has a net trade balance of over a half billion dollars annually from trade in tobacco leaf and products.* The difference between the value of exports and imports has risen by 63 percent

(Continued on page 12)

TREND IN U.S. TOBACCO EXPORTS, QUANTITY VERSUS VALUE, 1955-71



STRUCTURAL REFORMS IN EUROPEAN AGRICULTURE

By GORDON O. FRASER
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The structural reform measures recently approved by the European Community (EC) are a far cry from the bold action originally proposed in the Mansholt Plan. The EC Ministers of Agriculture have approved Community outlays of only $162 million a year compared with expenditures that would have risen to $1.5 billion a year had the Mansholt Plan been adopted in its entirety.

This very modest beginning cannot contribute very much to speeding up the structural adjustments vitally needed to increase the competitiveness of EC agriculture. Fortunately several of the member Governments have substantial national structural programs underway.

A new study by the Organization for Economic Cooperation and Development (OECD) describes them.

Structural problems in Europe stem from ancient inheritance laws and the village system of farming dating back to feudal times, which have led to successive splitting of family farms from generation to generation. The removal of these remnants of the past is an extremely difficult process.

Structural reform is immensely expensive and the process will require many years to complete.

In 1970, Germany, France, the Netherlands, and Belgium spent more than $1.3 billion on farm rationalization and structural improvements. Of this total, nearly $750 million was allocated by France and about $400 million by Germany. France and Germany also paid out an additional $1.4 million for social aids to farmers, including pensions. Further, Germany is in the process of greatly expanding the scope of its programs, which will add considerably to their overall cost.

The structural problem and the need to modernize and rationalize agriculture in the EC has been put very succinctly by Dr. Sicco Mansholt, president of the Commission of the EC. As he pointed out when presenting his structural reform plan in Brussels, there are roughly 6 million farms in the EC on about 170 million acres of farmland, or an average of less than 30 acres per farm.

Eighty percent of these farmers have incomes no more than two-thirds that of industrial workers; fifty percent are over 55 years of age, and two-thirds of these have no successor on their farms. Dr. Mansholt also noted that 80 percent of the farms do not have enough work for one man.

The table on page 10, contrasting the several structural situations in European countries and the United Kingdom with that in the United States and Canada, shows that output per person is higher in the Benelux countries (as measured in terms of gross national product) than in France, Germany, and Italy. Essentially, this higher output is due to advances in structural improvements. The reduction in the number of persons employed in agriculture has gone further in Belgium and Holland and the concentration on capital-intensive farm enterprises is greater than in other countries of the EC.

For example, in 1970 France produced only 27 percent and Germany only 38 percent as much meat, including poultry, per person employed in agriculture as did Belgium. Italy's meat output was only 11 percent of that per person farming in Belgium.

In France, the value of meat, milk, and poultry products output dropped from 59.2 percent to 55.3 percent of the total value of farm production between 1965 and 1970. This was caused in part in 1970 by extraordinary high production in France's extensive vineyards. In addition, there has been a trend toward expanded crop production in France in the past 6 years. To some extent this may have been caused by the price support policies of the EC.

In Europe, however, the ratio of labor to land resources and the scale of livestock production on individual farms seems to be a major determinant of productivity levels. Low incomes in agriculture in many parts of Europe tend to be associated with small-scale dairy and grassland farms.

There are wide variations in agriculture between regions within countries, as illustrated by the marked structural differences between Picardy and Brittany in France. Picardy, in the north, is a relatively prosperous farming area with good soils, fairly sizable farms, and an agriculture reasonably well balanced between crop and livestock production. Brittany, on the other hand, suffers from overpopulation in agriculture, poor soils, and tiny farms dependent on small, inefficient livestock production units.

In 1967, the average farm size in Picardy was 97 acres, compared wtih 29 acres in Brittany. Some 27 percent of the total farms in Brittany in 1967 consisted of less than 13 acres and nearly 84 percent were under 50 acres.

It is not surprising, therefore, that in the mid-1960's, the average value added from agricultural production per person was about 2½ times as great in Picardy as in Brittany.

It is generally recognized in Europe that the disparity between farm and nonfarm incomes can only be narrowed by reducing the number of farms and expanding the size of the business of those remaining. This is not simply a matter of expediting the movement of people from agriculture. Already, there has been a very substantial outflow from farming in Western Europe, and this is continuing at a rate which alarms some authorities.

There are localities in Italy and France which have been practically depopulated. This is especially true of mountainous regions where it is more difficult to earn a reasonable income from farming.

The objectives of most structural reform programs are to guide the process of farm enlargement, to facilitate the transfer of younger people into other occupations, and to ameliorate the hardships of older farmers who cannot be expected to find new work.

Agriculture is expected to benefit as the regional economy improves through coordinated plans to better roads, communications, water supplies,

surface drainage, schools, and other elements of the basic framework. In addition, these plans must include incentives to attract industries, tourists, and other activities to provide full employment locally for displaced farmers, and part-time job opportunities for those remaining on the land.

Environment also enters the picture. Mountainous areas which are particularly suited for development to meet the recreational needs of the burgeoning urban population are the very areas which are losing their farm population most rapidly. Means have to be found to keep enough people in these areas to maintain a basic framework to service vacationers and to attract tourists.

In this connection, responsible authorities have proposed compensating farmers for preserving the natural beauty of the countryside as a social service for the whole population.

The OECD study shows that to be successful, structural reforms in agriculture must be broadly based. Existing programs are attacking the problems in several broad areas, including:

- Land consolidation where farms are excessively fragmented;
- Payment schemes or special pensions to facilitate retirement of older farmers or discontinuation of farming by younger men;
- Education and training to facilitate transfers to other occupations;
- Forming of agencies to facilitate the process of land transfer and enlargement of farms;
- Programs to help modernize farms.

That structural reforms take a very long time can be seen by studying the program in the Netherlands. Dutch authorities indicate that it will take an additional 20 to 25 years to complete their program. Some of Holland's farmland is badly fragmented. By the end of 1970, consolidation had been completed on less than 17 percent of a total of 5.4 million acres.

Although the number of farms in the Netherlands dropped from 206,000 in 1959 to 161,000 in 1969, the average size of farms increased only from 25.9 to 31.4 acres. Even by 1980, the average is expected to rise only to 40.8 acres. This is due in part to the steady loss of farmland to urbanization, industry, water management, and new roads. Land also is being set aside for recreational purposes.

Despite the efforts by the Dutch to restructure their agriculture, officials have estimated that only one-third of the farms in the Netherlands will be viable by 1980.

It is difficult to separate the part of total costs justified for social reasons and those justified for economic reasons in structural programs. Certainly, for many years the social costs will be high because of supplementary old-age pensions paid to induce farmers to give up their land to enlarge other farms into more efficient units.

Aerial view of agricultural land area near Chartres, France, photographed in 1949 showing the extensive fragmentation of farms.

The Chartres area photographed in 1969 showing consolidation of small farms under France's structural reform program for agriculture.

Structural reforms are dynamic processes and schemes must be adjusted constantly to meet changing situations as more farmers leave the land. There is little evidence that clear-cut, final objectives have been set in existing national structural programs.

Agriculture is becoming increasingly dependent on purchased inputs and, as prices of industrial products, such as fertilizers, chemicals, and machinery rise, higher costs of production can be met only by the greater efficiency of larger scale operations. Farms brought up to what would be marginal viability at present are certain to be in trouble again in a few years.

Determining what constitutes a viable farm, however, is one of the most vexing problems of structural reform. Using farm size as a standard is not practical because of the wide range of farm enterprises and variations in soil fertility and topography. Income standards also have limitations because they become dated in inflationary times.

The goal of the United Kingdom is to create farms which provide a minimum of 600 days (Standard Man Days) of manual labor per year. This standard seems suitable, but it too has inadequacies. Whatever standard is used, it would seem prudent to set the minimum level high. If this is not done, the structural reform process will have to be repeated somewhere along the way.

The most crucial measure in determining whether a farm is viable is the level of farm prices. Here enter the basic elements of farm policy which affect the progress of structural reforms.

For example, prices that are supported at levels well above world market prices have two effects which impede structural improvements. First, they enable marginal or submarginal, and older farmers to hang on longer at bare levels of existence. Second, high price supports become capitalized into increased land values. Thus, small farmers, who may have been virtually destitute most of their lives, can at least see the value of their land rising.

The value of farmland is rising rapidly in Europe. For example, between 1959 and 1969, the average value of arable land in France rose nearly 300 percent or an average of 11.3 percent a year. High price supports undoubtedly caused much of this increase, although urban pressures in some areas also were a factor.

Whatever the causes, it is obvious that the more land values are pushed up, the greater must be the debt load of those enlarging their farming operations by adding land. Further debt, too, is incurred in modernizing and enlarging buildings and acquiring additional equipment and livestock.

The United Kingdom has recognized the debt problem and is doing something about it. A feature of the U.K. Farm Amalgamation Scheme is that it provides grants of up to 60 percent of the costs to "amalgamators" for improvements needed as a result of farm enlargement.

It does not automatically follow that the creation of a well-structured agriculture will lead to a pattern of production related to market demand. For example, an agricultural policy that supports grain prices at high levels without controlling production must result in greater grain output even when surpluses already exist. Also, larger farms generally produce more per unit of land and labor. Where a heavy debt load also must be carried, there is further pressure to intensify production and maximize returns.

The OECD study calls attention to other conflicts in objectives between price support and structural reform policies. High price supports, for example, increase the level of payments that must be made to induce farmers to give up their land. Governments are, in this sense, competing with themselves.

It is being acknowledged more generally that high price supports by themselves provide little direct benefit to small farmers and bestow unnecessary rewards on large, efficient operators. The OECD study recommends a shift from generalized price support and related measures (such as export subsidies) toward direct income payments for submarginal farmers.

While the OECD study does not cover the full range of policies associated with structural reforms, it does ask one critical question regarding past and future expenditures to restructure Europe's agriculture. That is, will agriculture in the EC eventually be competitive at world market prices so that the present extreme levels of protection no longer are needed?

On this question the OECD study states: "A reduction in price support parallel with structural reform measures wherever possible could help achieve a more significant and rapid impact. One of the long-term objectives should be to eliminate, insofar as possible, the need for support measures which impede the movement of agricultural products in world trade." It would seem that nothing less should be the goal in order to justify the vast use of public funds, especially in the EC, if viewed in light of the already enormous cost of the Common Agricultural Policy.

EMPLOYMENT IN AGRICULTURE IN RELATION TO AVAILABILITY OF FARM LAND AND GROSS DOMESTIC PRODUCT PER ACRE AND PER PERSON EMPLOYED IN AGRICULTURE AND OTHER PROFESSIONS IN SELECTED COUNTRIES, 1969

Country	Share of labor force employed in agriculture	Area cultivated per person employed in agriculture	Gross per capita domestic product [1]		
			Per acre of farm land	Per person employed in agriculture	Per person employed outside agriculture
	Percent	*Acres*	*Dollars*	*Dollars*	*Dollars*
Belgium	4.8	11.6	508	5,797	5,946
Netherlands	7.2	6.4	895	5,794	6,326
Germany [2]	9.0	8.4	285	2,402	7,432
France [2]	14.0	16.6	171	2,845	8,124
Italy	19.6	9.1	249	2,294	6,851
Denmark	11.9	19.5	188	3,676	6,306
Ireland	27.5	9.4	250	2,359	3,815
United Kingdom	2.9	28.9	183	5,248	7,002
Canada	7.7	160.6	40	6,840	8,920
United States	4.4	121.1	62	7,424	12,064

[1] Gross domestic product output per person employed in agriculture should not be regarded as income since the employment data include hired farm laborers as well as farm operators. The absolute values of these data should be regarded with some caution as they are distorted to the extent that the basic employment figures for agriculture include workers in forestry and fisheries and substantial numbers of part-time farmers. [2] 1970 for France and Germany.

National Accounts, OECD; Agricultural Statistics, OECD; Labor Force Statistics, OECD; and FAO Production Yearbook, 1970.

Japan's Imports of U.S. Soybeans In 1971 Near Previous Year's High

Total Japanese imports of soybeans in 1971 were slightly less than those of the preceding year, and soybean imports from the United States reflected little decline from the record level of 1970. However, 1971 imports of many other oilseeds, vegetable oils, and oil meals were below the level of the previous year.

Imports. Japan's total purchases of soybeans in 1971 amounted to 3.21 million tons, 1 percent less than in 1970. Imports from the United States were some 2.93 million tons, also 1 percent less than the record-setting shipments of the previous year.

Despite the slight drop in the volume of U.S. soybean imports, the f.o.b. value of U.S. soybean exports to Japan in 1971, at $311 million, was 1.9 percent higher than the value of 1970 exports. This was because of a higher unit price of U.S. soybeans in 1971.

Total soybean imports in 1972 are expected to show little or no growth, compared with 1971, but imports of U.S. soybeans are forecast at some 3 million tons, an increase of about 2 percent. Imports from Mainland China may be about 200,000 tons, down nearly 30 percent from the 1971 level of 283,400 tons.

Imports of rapeseed increased from some 336,000 tons in 1970 to about 407,000 tons in 1971 and may be about the same amount in 1972. The increase in 1971's imports was made possible because of the liberalization of rapeseed in mid-1971.

Peanut imports in 1971 totaled 52,400 tons (shelled), down from 1970's 59,000 tons. Peanuts for food are still controlled by quotas which for 1971-72 have been set at 55,000 tons.

It is anticipated that nearly one-half of the large- and small-kernel peanut quota will be filled by U.S. peanuts in the 1971-72 marketing year. Some 8,700 tons of large-kernel peanuts came from Mainland China and the balance of the small-kernel nuts were supplied from traditional exporters such as Sudan, India, Indonesia, Brazil, and Egypt.

Japan's sunflowerseed imports totaled 37,100 tons in 1971, a drop of 18 percent from the year-earlier level of 45,400 tons. In the first 11 months of 1971, Australia supplied 16,925 tons, Romania 7,679 tons, and the United States, 5,513 tons. None came from the USSR. Imports for 1972 are tentatively estimated at 42,000 tons.

Although vegetable oil imports have been liberalized since June 30, 1971, purchases of some of these oils have decreased dramatically since importers and end users first learned of the Government's liberalization plan; one reason was that crushers have recently maintained selling prices at levels competitive with imported oils.

Imports of soybean oil totaled nearly 4,500 tons in 1970 but tumbled to just 8 tons for 1971. Cottonseed oil imports similarly fell—from 3,762 tons in 1970 to 503 tons in 1971—while sunflowerseed oil imports declined from 1,007 tons to just 1 ton a year later. Imports of other, less important vegetable oils also decreased.

Despite the liberalization of soybean meal, effective June 30, 1971, imports in calendar 1971 decreased to 38,900 tons, compared with 72,000 tons in 1970. The United States was the main source of Japan's soybean meal imports in both years.

On the other hand, arrivals of rapeseed meal and mustardseed meal in 1971 were up—13,400 tons, compared with 466 tons a year earlier.

Production. Japan's 1971 soybean crop was 122,000 metric tons, 3 percent below 1970's production. Although area in soybeans increased by 5 percent, yield suffered because of unfavorable weather—especially in Hokkaido.

The Government's long-range plan to divert riceland to other crops suggests that soybean plantings may increase. But if the trend toward reduced upland planting of soybeans continues, it may offset much of the expansion that could have resulted from the diversion program. It is expected, however, that sufficient land may be diverted to soybean production to cause some displacement in the potential sales of imported soybeans from the United States and Mainland China.

The 1971 rapeseed crop was 22,800 tons, 34 percent less than in 1970. Rapeseed production in 1972 is estimated at 16,000 tons.

A drop in Japan's peanut crop was also noted, 110,800 tons (unshelled) in 1971, compared with 124,200 tons in 1970. Area was also down in 1971 and is expected to drop even more in 1972. Peanut production is expected to climb slightly in 1972 to 120,000 tons.

—Based on a dispatch from
DAVID L. HUME
U.S. Agricultural Attaché, Tokyo

Australia To Expand Sharply Production of Great Northern Beans

Australia may become a vigorous competitor with the United States as an exporter of Great Northern beans if current plans are put into full effect. Australian growers have completed successful growing experiments on a limited area, and are expected to increase the acreage devoted to the production of this bean by some 20 times next season.

Production of Great Northern beans was introduced to farmers in Australia's New South Wales by a settler from Canada. After successful preliminary experiments last season, approximately 10 growers planted 500 acres under irrigation this year, largely as a seed multiplication program. However, the farmers indicate they intend to plant approximately 10,000 acres under Great Northern beans next season.

Quality of this year's harvest has been reported as good.

The farmer who introduced Great Northern beans in New South Wales has investigated export opportunities for this bean. He believes there are lucrative outlets in Europe and the Middle East, particularly France and countries of the Arabian Peninsula. Because the domestic market for Great Northern beans is limited in Australia, it is reported that most of the crop will be shipped out of the country.

If export prices permit a return at farm gate of about 5 U.S. cents per pound or better, there will probably be significant expansion in production of Great Northern beans over the next few years. In that event, Australia could become a major world supplier, and a strong competitor of U.S. producers of this type of bean.

—Based on a dispatch from *Office of U.S. Agricultural Attaché, Canberra*

U.S TOBACCO EXPORTS SHIFT FROM LEAF TO PRODUCTS (Continued from page 7)

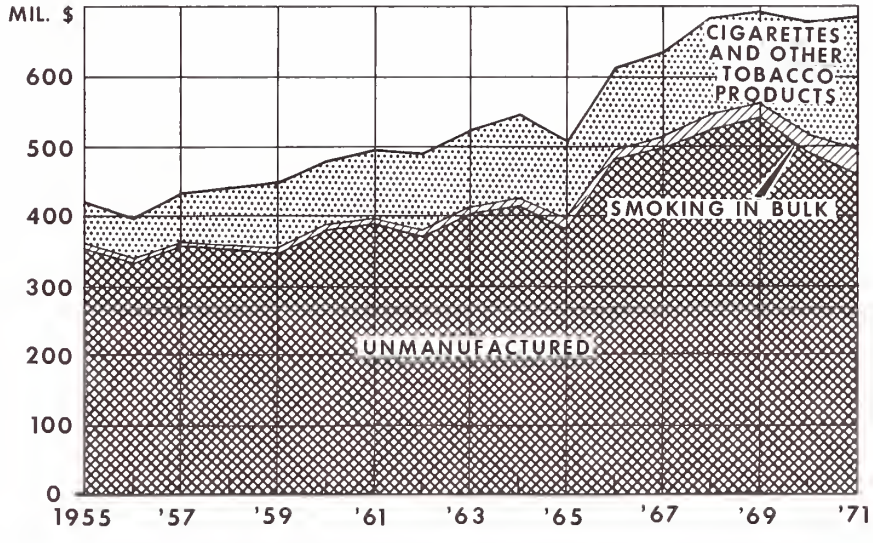
in the last 13 years—from an annual average of $326 million in 1955-57 to $530 million in 1967-71. The difference between the quantity of exports and imports has actually narrowed slightly, from an annual average of 412 million pounds to 399 million pounds.

U.S. EXPORTS, IMPORTS, AND TRADE BALANCE OF TOBACCO PRODUCTS, 1955-71

Year	Exports, unmanufactured plus products		Imports [1]		Trade balance	
	Quantity	Value	Quantity	Value	Quantity	Value
	Mil. lb.	*Mil. dol.*	*Mil. lb.*	*Mil. dol.*	*Mil. lb.*	*Mil. dol.*
1955	578.9	419.0	111.7	87.8	467.2	331.2
1956	549.1	397.6	121.5	93.7	427.7	303.9
1957	541.6	432.7	124.8	100.5	416.8	332.1
1958	527.4	440.1	139.5	109.3	387.9	330.8
1959	515.2	448.8	152.9	116.7	362.3	332.0
1960	546.1	476.7	160.6	121.3	385.5	355.4
1961	556.0	498.9	168.1	118.8	387.9	380.1
1962	527.4	491.0	165.3	104.0	362.1	387.0
1963	564.2	522.7	170.4	102.6	393.8	420.1
1964	579.4	544.5	172.2	115.2	407.2	429.3
1965	529.6	505.6	185.4	135.1	344.2	370.5
1966	615.1	611.3	183.0	133.4	432.1	477.9
1967	637.2	635.3	201.2	136.1	436.0	499.2
1968	675.9	686.0	227.6	152.4	448.3	533.6
1969	649.4	695.3	216.1	139.5	433.3	555.8
1970	594.3	679.1	228.0	145.0	366.3	534.1
1971	569.6	683.7	258.0	158.9	311.6	524.8

[1] Unmanufactured tobacco for consumption plus manufactured products. [2] Includes estimates for cigarettes and cigars on basis of 2 pounds per 1,000 cigarettes and 10 pounds per 1,000 cigars.

U.S. EXPORTS OF TOBACCO AND TOBACCO PRODUCTS, 1955-71, VALUE



Brazilian Livestock Tally Revised Down In 1970 Farm Census

Official annual statistics of the Brazilian Government, which have for some years estimated the size of the country's beef and dairy herd at almost 98 million head and the swine herd at some 66 million head, may be revised downward substantially as a result of the 1970 agricultural census taken by the Brazilian Institute of Geography and Statistics (IBGE).

In 1970, Government totals placed Brazil with a herd of 97.9 million head of beef and dairy cattle in fourth place among cattle breeding nations of the world after India, the United States, and the USSR, and in second place as a breeder of swine, with a herd numbering 66.4 million.

IBGE has released 1970 census figures for 12 States in two areas in Brazil—the southern and northeastern regions. The Institute reveals that total Government estimates for the dairy and beef herd in the 12 States being reported on may have been overstated by 7.1 million head. Census data indicate 32.7 million head compared with 39.8 million reported by the Ministry of Agriculture, a difference of 22 percent. The total Ministry swine estimate for the two regions totaled 39 million head, 75 percent more than the 22.2 million head reported by the IBGE census. IBGE plans to release additional census figures on the size of Brazil's beef and dairy and swine herds as statistics become available.

In only one instance so far did the Government's estimate of cattle fall lower than the figure revealed by the census. In Paraná, the Ministry of Agriculture had said there were only 4.59 million head, while the census indicates there were 4.68 million head. In the same State, however, the census indicates there were 6.19 million head of swine, while the Government had estimated 8.67 million head. Similar differences were found elsewhere.

For example, Government estimates for the State of Bahia showed 8.56 million head of dairy and beef cattle, while the census reported only 5.62 million head. Santa Catarina was estimated by the Ministry of Agriculture to have 5.42 million head of swine; the census reported only 3.13 million.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	July 12	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	2.01	+6	1.95
USSR SKS-14	(1)	(1)	1.92
Australian FAQ [2]	1.79	+2	1.78
U.S. No. 2 Dark Northern Spring:			
14 percent	1.91	+5	1.90
15 percent	1.96	+5	1.94
U.S. No. 2 Hard Winter:			
13.5 percent	1.81	+3	1.84
No. 3 Hard Amber Durum	1.86	+6	1.80
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	1.76
Feedgrains:			
U.S. No. 3 Yellow corn	1.49	+5	1.68
Argentine Plate corn	1.74	+4	1.83
U.S. No. 2 sorghum	1.47	+6	1.61
Argentine-Granifero sorghum	1.50	+7	1.63
U.S. No. 3 Feed barley	1.25	+4	1.28
Soybeans:			
U.S. No. 2 Yellow	3.85	+9	3.55
EC import levies: [3]			
Wheat [4]	[5] 1.82	−4	1.41
Corn [6]	[5] 1.23	−7	.81
Sorghum [6]	[5] 1.25	−6	.88

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] The EC levies have been adjusted to reflect the Aug. 1, 1972, threshold price levels. [4] Durum has a separate levy. [5] Effective Oct. 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [6] Italian levies are 21 cents a bu. lower than those of other EC countries.

Note: Basis 30- to 60-day delivery.

FRUITS, NUTS, AND VEGETABLES

Hop Production To Expand in Greece

Hop production on a commercial scale may soon be a reality in Greece. A favorable climate, good soils, and the need to expand overseas markets have stimulated Government planners to formulate a program which, if successful, will enable Greece to enter the world hop market.

Greek hop production has been static in recent years with harvests ranging from 90,000 to 110,000 pounds annually. Under the new program, production is targeted to reach 2.2 million pounds (from 1,200 acres) by 1974; both output and acreage are to double by 1977.

Until now, Greece's largest brewer has accounted for all domestic production. The Government plans to utilize the Tobacco Growers Cooperative Organization to implement the new plan as well as to encourage expansion of the brewery's hop growing operations. Both organizations will enter into contracts with individual farmers, providing technical assistance to producers as well as bearing the responsibility for the establishment and operation of drying plants.

Several monetary aids have been approved to attract producers to the new project. Among them: A fixed farm price of U.S. 12.1 cents per pound of fresh hops, regardless of quality, through 1974; low-cost Government loans to finance the establishment of hopyards; and a one-time production subsidy paid to producers, the amount varying according to the size and type of enterprise involved.

Some $1,420,000 has been allocated to finance the first phase of this program, extending from January 1972 to December 1974. A similar appropriation is expected for the second phase, extending from January 1975 to December 1977.

Greece's domestic brewery requirements are placed at 375,000 pounds in 1972, with an annual growth of 5 to 7 percent anticipated. Thus, supplies of Greek hops will be available for export in the near future; however, at this time procedures have not been established to handle the marketing of these supplies.

Portuguese Almond Prospects Down From Last Year

Portugal's 1972 almond crop is forecast at 6,000 short tons (kernel-weight basis) down slightly from last year's record 7,000-ton harvest. Production for 1971 in the southern province of Algarve is placed at 5,500 tons; 1972 output is expected to total 3,700 tons. In the northern areas of the Douro, 1972 production is forecast at 2,300 tons, up from last year's 1,500 tons.

Exports during the 1971-72 season (September-August) are expected to total 5,500 tons, well above the 3,111 tons shipped overseas in 1970-71. The United Kingdom continues to be Portugal's leading almond market.

Iranian and Moroccan Almond Outlook Good

Despite unfavorable weather conditions, Iran and Morocco (two of the world's secondary almond-producing nations) expect above-average harvests in 1972. Iran's crop is placed at 9,000 short tons (kernel-weight basis), slightly above last

year's 8,000-ton yield and the 1967-71 average of 7,800 tons. Iranian almond acreage continues to expand, primarily in the Province of Azerbaijan. Most new plantings are located along irrigation ditches or as border plantings.

Morocco's 1972 production is forecast at 4,500 tons, well above last year's 3,000 tons and the 1967-71 average of 3,600 tons. In recent years, a small number of almond trees have been planted under a reforestation and erosion program. And, while there is interest in further expansion of plantings, no significant increases are likely in the near future.

Smaller Spanish Filbert Crop

Insect infestation and unfavorable weather have combined to dampen the outlook for Spain's 1972 filbert crop. Current estimates call for a 20,000-ton harvest (in-shell basis), 10 percent below last season and nearly 32 percent below the record 29,000 tons harvested in 1970.

Exports during the 1971-72 season (September-August) are projected at 16,500 tons, compared with the 1970-71 total of 14,400 tons. Foreign shipments totaled 10,700 tons during the first 8 months of the 1971-72 season.

Plagued by low export prices, the Government of Spain inaugurated a subsidy for overseas filbert sales in early March. Specifics of the program have not been released. In addition, the Spanish Government recently revised the export standards for filberts originally established in 1961.

Lower Italian Filbert Production Expected

Following two consecutive record harvests, Italy's 1972 filbert crop is expected to fall sharply in 1972. Current estimates call for a crop of 77,000 short tons (in-shell basis), a drop of 30 percent when compared with the record 110,000-ton harvest of 1971. The alternate-bearing nature of filbert trees and unfavorable spring weather conditions are cited as the reasons for the anticipated drop in output.

Exports during the 1971-72 season are projected at a record 76,000 tons (in-shell basis) as compared with the 1970-71 total of 60,582 tons. Foreign shipments during the first 6 months of the 1971-72 season (September-February) totaled 49,519 tons, versus 37,484 tons shipped during the corresponding period last season.

DAIRY AND POULTRY

Canada's Hen Slaughter To Raise Egg Prices

Canada's Minister of Agriculture announced on June 8 a program to remove excess hens from the Canadian laying flock (approximately 27 million birds) in order to reduce the egg surplus that is now disrupting marketing channels. The aim of the program is to bring egg production down to a level that will increase prices to producers.

Under the terms of the fowl slaughter program, the Federal Government will make a payment to producers to increase fowl marketings by 1 million birds within an 8-week period. This will be over and above the 250,000 laying hens normally marketed by producers each week.

Under a sliding-scale formula, if the target is reached within 6 weeks, farmers will receive 90 cents per bird marketed. If the target is reached in 8 weeks, producers receive 75 cents per bird. Should the number of birds slaughtered in the 8-week period fall short of the 1-million-bird target, the assistance will be less.

Before the Government would promise the industry financial assistance, it required agreement among all the Provinces on a program to equate supply and demand which would involve no interference on interprovincial movement of poultry products. The Provinces must indicate to individual producers what flock adjustments they need to make, or provide a basis on which individual producers can estimate necessary flock adjustments.

Canadian Provinces Agree On Egg Price Setting

Canadian egg producer marketing boards of the Provinces of Ontario, Quebec, and Manitoba reached agreement during the week of May 29 on price setting in these markets.

The Ontario board, with the support of the Manitoba and Quebec boards, will begin setting producer prices on June 19.

Surplus production will be purchased and diverted to brokers for production of dried and frozen egg products. The cost of the surplus disposal program will be shared between Ontario and Manitoba producers and will be financed by a levy on all eggs sold.

The coordinated pricing program will be based on egg prices in Montreal, which will be set at levels that would not attract imports from the United States. The most-favored-nation tariff on Canadian shell egg imports is 3½ cents per dozen.

Agreement among the three provincial marketing boards indicates that progress is being made towards an orderly egg marketing program for Canada.

LIVESTOCK AND MEAT PRODUCTS

U.S. Meat Imports Sharply Higher in May

During May 1972, U.S. meat imports subject to the Meat Import Law totaled 108 million pounds, 41 percent greater than the 77 million pounds imported in May 1971. Larger imports from Australia and New Zealand account for this increase.

At nearly 55 million pounds, the imports of Australian meat were 53 percent greater than in May 1971, thus maintaining so far in 1972 the sharply higher rate of over 40 percent above 1971 levels. Imports from New Zealand in May 1972 were 70 percent above the same month a year earlier, bringing imports for January-May 1972 to 15 percent above the same 1971 months. Imports from all Central American suppliers are running well above year-earlier levels.

Imports from three important suppliers—Mexico, Canada, and Ireland—continue well below last year. Reduced cow

culling in Ireland and improved beef and cattle markets in Europe are decreasing the export availabilities of Irish beef for the U.S. market.

U.S. IMPORTS OF MEAT SUBJECT TO MEAT IMPORT LAW,[1] BY COUNTRY OF ORIGIN

Country of origin	May		January-May		Percent change from Jan.-May 1971
	1971	1972 [2]	1971	1972 [2]	
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Australia	35,834	54,691	153,472	219,645	+43
New Zealand	14,480	24,545	70,708	81,047	+15
Mexico	7,764	7,418	44,787	34,502	−23
Costa Rica	3,566	5,082	28,164	32,765	+16
Canada	6,963	6,146	32,949	23,130	−30
Nicaragua	2,506	3,157	16,418	20,376	+24
Ireland	3,033	2,148	34,023	19,875	−42
Guatemala	1,001	1,722	7,821	9,924	+27
Honduras	1,149	1,668	7,793	7,783	—
Dominican Republic	341	920	926	4,841	+423
Panama	70	291	1,321	1,640	+24
Haiti	51	115	277	816	+195
United Kingdom	21	—	1,149	37	−97
Total [3]	76,778	107,901	399,808	456,382	+14

[1] Fresh, frozen, and chilled beef, veal, mutton, and goat meat, including rejections. Excludes canned meat and other prepared or preserved meat products. [2] Preliminary. [3] May not add due to rounding.

U.S. IMPORTS OF MEAT, TOTAL AND SUBJECT TO MEAT IMPORT LAW (P.L. 88-482)
[In millions of pounds]

Imports	May	January-May
1972:		
Subject to Meat Import Law [1]	107.9	456.4
Total beef and veal [2]	113.1	511.5
Total red meat [3]	159.2	748.8
1971:		
Subject to Meat Import Law [1]	76.8	399.8
Total beef and veal [2]	88.9	460.0
Total red meat [3]	129.9	658.7
1970:		
Subject to Meat Import Law [1]	62.1	488.0
Total beef and veal [2]	72.2	540.9
Total red meat [3]	109.1	743.2

[1] Fresh, chilled, and frozen beef, veal, mutton, and goat meat including rejections. [2] All forms, including canned and preserved. [3] Total beef, veal, pork, lamb, mutton, and goat.

Irish Cattle Exports Up—Beef Down

Ireland exported 179,101 head of cattle during January-March 1972, 2.5 percent more than a year earlier. Practically all the exports were to the United Kingdom, but shipments to other destinations totaled 5,988 head in 1972 compared with only 188 head in 1971.

Irish beef exports during the period, at 59 million pounds, were 42 percent below 1971 levels. The United Kingdom accounted for 84 percent of the total.

EC Reinstates Some Beef and Cattle Duties

The European Community (EC) has reinstated duties on beef and cattle because of declining cattle prices. The average price in the Netherlands remained below 109 percent of the EC orientation price for 2 weeks.

The reinstatement affects all chilled and frozen beef and veal and cattle for slaughter; however, calves under 176 pounds and feeder steers (485-661 lb.) remain duty free.

Duties were reinstated in two stages: 50 percent were applicable on July 3 and full duties, on July 10. These dates were extended 7 days for shipments from European (non-EC) countries and 30 days for transoceanic suppliers.

SUGAR AND TROPICAL PRODUCTS

Malawi Developing Sugar Potential

Sugar is a relatively new product in Malawi; however, there is a good potential for a substantially flourishing industry. A sugar company established an estate and factory at Nchalo, on the Lower Shire River, in 1963. In 1966, about 6,000 tons of sugar were produced. By 1970, the production had jumped to 36,100 short tons and by 1971 to 37,000. Another 3,000 acres are being cleared and will be planted by October 1972. The forecast for the 1973 crop is from 62,000 to 65,000 tons.

Surveys have indicated that over 35,000 acres of suitable land in this area can be made available for sugar. There is sufficient irrigation water available. Cane yields have been very good, running about 55 tons of cane per acre on a 12-month growth. The average sugar content is around 13 percent. Local demand is affected by the conditions in the economy. In 1971, demand was up 25 percent over 1970 and amounted to 36,000 tons. This is expected to increase to 59,000 tons by 1975 and 81,500 by 1980. With extensions already made and some that can be made in the present factory, 100,000 tons can be processed there.

Crops and Markets Index

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FOREIGN AGRICULTURE

NEW DAIRY PROGRAM IN TAIWAN TO BOOST MILK CONSUMPTION

The Chinese people traditionally do not drink much milk, and Taiwan's per capita consumption of dairy products has for some time been among the lowest in the world. However, recent years have seen a rapid increase in the consumption of imported dry milk, and now the Government of the Republic of China is undertaking a 10-year dairy development program to increase per capita consumption of domestically produced whole milk.

During the 10-year period, the program calls for the importation of 15,000 head of dairy cattle. The United States, as one of the world's leading breeders of Holstein-Friesian and Brown Swiss dairy cattle, could be a prime source of supply for Taiwan's expanded dairy herds.

Taiwan's per capita consumption of dry milk has increased by over 400 percent in the past 10 years and by 700 percent in 15 years. Imports, now accounting for 90 percent of consumption, have increased by 600 percent in 10 years, and now exceed $15 million annually.

Japan is Taiwan's most important source of dry milk and shipped 37 percent by value of Taiwan's dry milk imports in 1970. Other sources include Australia, with a value of 26 percent of the total, Denmark with 18 percent, New Zealand with 7 percent, and the United States with 5 percent.

In actual tonnage Australia accounted for 33 percent of Taiwan's dry milk imports in 1970. Japan and New Zealand followed, each having 24 percent. A larger portion of imports from Japan are in the form of dry whole milk, with a higher value, rather than dry skim milk.

The rapid rise in the cost of imported milk powder in the past year, along with the realinement of currency values, has given a boost to Taiwan's dairy industry.

Taiwan has only 400 dairy farmers, with a total of less than 8,000 dairy cattle, almost exclusively Holstein-Friesian. Since 1959, Taiwan's Joint Commission on Rural Reconstruction (JCRR) has been importing frozen semen from the United States to upgrade local dairy cattle. As a result of this program average annual milk production per cow has increased from 4,600 pounds to 8,000 pounds.

Pasture improvement has also been stressed, and many varieties of grasses, legumes, and forage crops had been tested under local conditions. Pangola and Napier grasses have been found to be particularly suitable, with yields from the latter reaching up to 178 short tons an acre on irrigated land.

Milk collection stations have been established in 14 towns that have been selected as focal points for Taiwan's new dairy development program. Government assistance has been granted to establish sterilized milk bottling plants in three of these towns. In addition to these plants, there are at least six other commercial milk plants utilizing local fresh milk or imported dry powdered milk to produce bottled milk; one dry milk plant; five condensed milk plants utilizing powdered milk; four major ice cream plants; and several producers of lactic acid beverages.

The new program has as its goal increasing per capita consumption of domestically produced whole milk from 1.5 pounds in 1971 to 11.8 pounds by 1980. To make this possible, the Government intends to increase the number of dairy cattle to 46,700.

The JCRR has established a revolving fund of $200,000 to assist farmers to purchase imported dairy cattle. Plans are for the importation of from 500 to 2,500 head a year over the next 10 years.

The Government also intends to send young potential dairy farmers to the United States, Japan, and New Zealand for training. The main impediment to the successful conclusion of this program will be high production costs.

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